any loss as claimed, whether the brokers had given the shares as security or the same were taken from him forcefully by the bank and whether the said shares if given as security was by way of mortgage and also whether rights and bonus shares, dividends and interest on the said shares would become part of the secured assets.

After hearing the parties in the suit, the Honourable Judge held that:

* No force was used by Stanchart to obtain securities from Hiten P. Dalal to cover their shortfall,
* The said securities (shares) were pleded by Hiten P. Dalal in favour of Stanchart to secure a loss,
* Stanchart has been able to prove a loss of Rs. 280 crore only (against Rs.1253 crore claimed) and hence these pledged securities can be sold by Stanchart over a period of two years to secure the said loss,
* The bonus, dividends and interest received on above securities do not form part of the pledged securities and therefore Stanchart should return the same to the Office of the Custodian,
* Cantriple units of face value Rs. 35.5 crore should be handed over to the Office of the Custodian.

In its judgement the Special Court made some observations about Standard Chartered Bank. The observations, inter-alia, included an observation to the effect that the bank tried to hide facts from RBI by creating false records. The Special Court also observed both the bank as well as the broker were keeping back the arrangements from the Court and that the bank was not admitting the arrangement because it was contrary to and in breach of RBI regulations and against prudent banking practices.

On an application moved on behalf of Standard Chartered Bank and Hiten P. Dalal the Hon'ble Special Court has extended stay of operation of its judgement beyond 24.1.99 by a further four weeks.

**Demand and supply position of Gold in the country**

56. SHRI S.M. KRISHNA: Will the Minister of FINANCE be pleased to state:

(a) whether Government recently hiked custom duty on gold; if so, the details thereof including the reasons/rationale behind taking such decision;

(b) what is the status of demand and supply position of gold in the country;

(c) the details of gold imported during the last three years, year-wise, and names of the countries from where the gold was imported; and

(d) whether Government are aware that hike in duty may boost smuggling; if so, the details of study undertaken and remedial steps formulated against smuggling?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE, ) (SHRI KADAMBUR M.R: JANARTHANAN): (a) Yes Sir, the duty on gold imported by eligible passengers and designated agencies has been increased from Rs. 250 per 10 grams to Rs. 400 per 10 grams with effect from 5.1.99 vide notification No.2/99-Cus. dated 4.1.99. The import duty on gold was increased considering the trend in the quantity of gold imported and in order to moderate the import of gold and also to realise some additional revenue.

(b) As per estimates the demand of gold in India during 1998 exceeded the demand during 1997. The demand for 1997 has been reported in the range of 705 MT whereas in 1998 as 740MT. As regards supplies, the total import of gold during 1998 was 627.358 MT as against 527.85 MT in 1997.

(c) The details of gold import during last 3 years is given in the Statement. (*See* below) The nominated agencies import gold mainly from United Kingdom, Hongkong, singapore and Dubai. Under the NRI scheme gold is mainly imported from the Gulf countries and the Far East countries.

(d) The Government does not consider the increase in the rate of duty would boost smuggling. However, the Preventive agencies have been alerted for taking remedial measures.

**Statement**

| Year | Quantity (in tonnes) | Duty (Rs. in crores) |
|---|---|---|
| 1996 | 297.768 | 655.09 |
| 1997 | 527.858 | 1161.29 |
| 1998 | 627.358 | 1244.69 |

**Nine-point action plan of RBI for financial system**

57. SHRI SURESH KALMADI: Will the Minister of FINANCE be pleased to state:

(a) whether Reserve Bank of India has suggested a nine-point action plan to form the basis of the financial systems of the future, including corporatising all statutory banks and financial institutions;

(b) if so, what are the details thereof; and

(c) what is Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANAKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN): (a) and (b) Reserve Bank of India (RBI) has released a discussion paper in the light of Khan Committee Recommendations regarding harmonising the role and operations of development financial institutions and banks. This includes the architecture of the financial system for the future. The system envisaged is on the following lines:

(1) The approach to universal banking should be guided by international experience and domestic requirements. The process of enabling the provisions of diversified services both by banks and FIs, either in-house or through the subsidiary route as a conglomerate, should continue albeit in a gradual and orderly fashion, subject to appropriate regulation by the Reserve Bank.

(2) In terms of institutions, ultimately there should be only banks and restructured NBFCs.

(3) In the meantime, however, the special role of DFIs is recognised and transitional path is envisaged for them to become either a fullfledged NBFC or a bank.

(4) Since banks are special, any conglomerate, in which a bank is present, should be subject to a consolidated approach to supervision an regulation.

(5) A corporate form of organisation under the Companies Act is preferred to provide the financial intermediaries, necessary flexibility for mergers, acquisitions and diversification to meet the needs of the devolving situation.

(6) The supervisory functions are to be delinked from refinancing institutions and brought under a consistent supervisory framework.

(7) The ownership role should be transferred from the RBI to the Government of India in respect of financial intermediaries so that there is a focussed attention by the RBI on its supervisory-regulatory functions.

(8) The harmoniation in the working of various institutions should be at the initiative of the organisations themselves, with the RBI being available for guidance and consultation.

(9) Various officiency issues partaining to each organisation have to be addressed individually by the banks/OFIs and they are encouraged to deliberate among themselves and take necessary decisions urgently.

(c) The RBI had indicated that the above proposals are meant for detailed discussions/comments by experts, banks/financial institutions, other market participants and the public in general. Necessary decisions will be taken by RBI in consultation with all concerned including the Government in the light of comments received by them.

**विदेशी मुद्रा प्रवाह**

58. लाला लाजपत राय: क्या वित्त मंत्री यह बताने की कृपा करेंगे कि:

(क) वर्ष 1998 में अब तक अनुमोदित विदेशी वित्तीय सहायता और निवेश का अद्यतन ब्यौरा क्या है;

(ख) उक्त अवधि में वास्तव में देश में कितनी विदेशी मुद्रा प्राप्त की गई;

(ग) विदेशी निवेश संवर्धन बोर्ड को ऐसे कम मामलों की स्वीकृति की सलाह देने के लिए कौन-कौन से कदम उठाये गये/उठाये जा रहे हैं तथा साथ ही उक्त अवधि में